



HF 2467 – Income Tax Checkoffs, Extension (LSB6078HV)
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 Fiscal Note Version – New

Description

House File 2467 removes the automatic repeal of the two lowest-yielding Iowa individual income tax checkoffs. The current law provision requires the repeal of the two checkoffs with the lowest level of donations over the previous two years. The change is retroactive to the beginning of tax year 2016.

Background

The Iowa individual income tax form is limited to four voluntary checkoffs. For tax year 2015, those four checkoffs are:

- Fish and Wildlife
- State Fair Foundation
- Veterans Trust Fund and Volunteer Fire Fighter Preparedness (joint and shared)
- Child Abuse Prevention

Based on the average donations levels for tax years 2013 and 2014, the two checkoffs that will be removed from the Iowa individual income tax form without a legislative change will be the Iowa State Fair Foundation and the Veterans Trust Fund/Volunteer Fire Fighter Preparedness checkoffs. However, the two-year donation levels for the lowest three checkoffs are very close and it is possible that once final accounting is completed it will be the Child Abuse Prevention checkoff and not one of the other two that will be repealed under current law. The average annual checkoff yield for the last seven tax years and for FY 2014 and FY 2015 combined are displayed in the following table.

Average Annual Checkoff Levels

Checkoff	Tax Years	
	Last Seven Tax Years	2013 and 2014 Combined
Fish and Wildlife	\$ 126,871	\$ 134,800
State Fair	66,829	66,400
Veteran / Fire Fighter	61,086	65,700
Child Abuse	62,971	68,450
Total	\$ 317,757	\$ 335,350

Fiscal Impact

The bill does not have a significant impact on State General Fund revenue. Donations to the four income tax checkoffs listed on the Iowa individual income tax form are voluntary donations and do not directly reduce income tax deposited to the State General Fund. The annual average donation level over the most recent seven tax years is \$318,000 for all four checkoffs and \$132,000 combined for the two lowest-yielding checkoffs.

While the donations are tax deductible for taxpayers that utilize itemized deductions, the \$132,000 in annual donations to the two lowest-yielding checkoffs does not produce a significant fiscal impact on the State General Fund through use as itemized deductions.

Source

Iowa Department of Revenue

/s/ Holly M. Lyons

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The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
